

State of California's Governor's Homeless Initiative Overview . . .

November 15, 2005

Notice of Funding Availability (NOFA)

Governor's Homeless Initiative - Development Funding for Supportive Housing for the Chronic Homeless with Severe Mental Illness

The Notice of Funds Available (NOFA) of the Governor's Initiative to End Chronic Homelessness has been released and is available for public review. This creates a housing finance model that ties together CalHFA debt financing, tax credits, capital subsidies (Prop 46) and MHSA (Prop 63) funds to encourage development of small projects that target chronically homeless individuals with serious mental illness. The application process accommodates smaller sponsors experienced with persons with serious mental illness (SMI), many that have less extensive background in housing development and more limited financial resources. To accomplish this, the model features a non-traditional centralized loan approval process under which Prop 46 and CalHFA funding will be approved jointly. A single review panel that includes CalHFA, HCD and DMH will approve the loan request. County mental health departments will have to make a long-term commitment of MHSA funds to a project as a condition of funding approval.

An important component of the proposal is the involvement of the local mental health agencies. These local agencies will assess and identify the populations most in need of this type of housing. This close attention to assessment of local needs coupled with committed service dollars will result in more effective utilization of State funds.

It is expected that the projects will be small (generally 20 to 30 units), but 100 percent of the units will be targeted to the hardest-to-serve individuals among the homeless population. Developers that wish to serve these individuals currently have difficulty obtaining available funding due to extensive leveraging requirements in combination with the extremely low income levels of their tenants.

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